RICHARDSON Wealth

Built to Grow

the brand of choice
for Canada's top advisors.

Report to Shareholders

RF Capital Group Inc. | For the three and six months ended June 30, 2024

A Message from our President & CEO

We are now *Built for Growth* and since the end of last year, this has been our focus. Key highlights include:

- attracting the next generation of leaders;
- announcing our leadership succession plan to build on the strong foundation created during my tenure;
- inspiring ten advisor teams collectively managing over $2.2 billion to join us in the past three quarters and;
- delivering strong financial results.

Positioning Next Generation of Leaders for Success

As CEO, my focus has been on building a scalable platform, growing the business and elevating our entrepreneurial, advisor-centric culture to become the brand of choice for Canada's top advisors and their clients. I have also been focused on strengthening our brand and enhancing awareness of the name on our door to attract the next generation of leaders and position them for success.

Today, we are a leading - digitally and physically transformed - wealth management firm with 22 offices nationally, 154 advisory teams, 900 employees, 30,000 clients, a robust pipeline of potential recruits, a reputation for supporting women – to name a few of our achievements. Let's not forget, at the time this letter was penned, we were managing $38 billion in AUA - a record high - up about $10 billion from September 30, 2020, when I reported the first quarterly results as President and CEO of Richardson Wealth.

In recent years, we have received significant external and internal endorsements. We have been recognized by Great Place to Work® for six consecutive years and named Best Workplaces™ in Financial Services and Insurance for five consecutive years. In that independent survey, 85% of our advisors say that they are proud to tell people that they work at Richardson Wealth.

We have consistently scored well in the Investment Executive Brokerage Report Card. The 2024 Report Card was published in Q2, and our overall ranking of 27 categories was 8.6 (out of 10), an exceptionally positive result. Even the average of the four categories in which we experienced a predictable decline (due to the platform changes) was very strong at 8.1. With our digital transformation behind us, we feel positive that future results will be even better.

Our people are optimistic about the future. In Q2, we hosted our annual "Summit", a practice-management themed advisor conference. More than 300 people attended, a vote of real confidence in our culture. It was 100% funded by the generous support of vendors, partners, and suppliers, also signifying the value of being associated with our brand.

Equally positive is that since the beginning of our transformation journey, which we acknowledge was bumpy, advisors who managed 82% of AUA are still with us today, and many of them have experienced record highs in their practices.

Our financial results for the first half of the year also highlight positive momentum in our business. AUA is up $1.9 billion since the beginning of the year and another $1 billion in July. Fee based revenues were $133.7 million for the first six months of 2024, up $6 million or 5% over the same period last year. Adjusted net income was $6.4 million, up from $1.38 million for the six-month period in 2023. Adjusted EBITDA was $28.6 million for the six-month period, up 2% over the same period last year. And our recruiting pipeline now stands at $28.6 billion.

With us now honing in on growth and recruiting, our roster of advisors continued to grow in Q2. Most notably this quarter, we attracted two top-producing teams with a combined $800 million in AUA: **Mary Ellen Byrne Wealth Management**, an all-women team, and **Broadley and Associates**, a female-led team, joined us from TD and BMO respectively.

Every leader has a season, and this has been mine. In a few short years, I have led the rebuilding of the foundation and modernization of the business for growth. This is my legacy. Now is the time to step aside. On October 1, 2024, I'll be succeeded by Dave Kelly, our Chief Operating Officer. When I recruited Dave in January of this year, I knew he was our future leader. He has the experience, insight, talent and focus on execution that we need to continue to grow this business and to deliver on our three-pillar growth strategy and our ambition of being the destination of choice for Canada's top advisors and their clients.

Q2 also saw the addition of two more highly accomplished leaders. **Derek Perritt** is our newly appointed Head of Insurance and Tax & Estate Planning Services. A former TD corporate leader, Derek will help Dave Kelly drive Pillar One of our strategy – doubling down on support for advisors. In this role, Derek leads a national team of dynamic corporate professionals who will bring results-oriented planning strategies and solutions and important business intelligence to our advisory teams. This will help them grow their practices and enhance their overall client experience.

We also hired **Marcus Chun** as Head of Digital Strategies & Advisor Services. Marcus took his post here on July 29, 2024. Marcus is an industry leader who has delivered significant value by transforming and optimizing operational processes and technology platforms. He joined us from BMO Private Wealth, where he was VP & Managing Director, Strategic Management & Initiatives, Client Solutions. He also has held leadership roles at RBC Wealth Management, including Senior Director, Strategic Execution, Canadian Operations. Marcus is a transformational leader, positive disruptor and a champion of people. He will help us design and lead the data and analytics, artificial intelligence and robotic process automation capabilities for the business to optimize end-to-end processes and services.

With Marcus's arrival, we are pleased to announce that **Scott Stennett**, SVP, Head of Digital Strategies & Advisor Services, will step into the role of Vice-Chair, Richardson Wealth. In this important role, Scott's immediate priority is to ensure Marcus's smooth transition and then to help in a variety of corporate development activities including assessing the competitive landscape and evaluating acquisition opportunities. Scott's lengthy tenure in the industry and his 20+ years of institutional knowledge of our business – spanning every detail of the development of our operating and technology platform including the transition to Fidelity – will be invaluable in this role.

Chief Financial Officer **Tim Wilson** announced he will become Chief Financial Officer of Peoples Group at the end of August. Tim played an important role in developing our growth strategy, securing our $200 million credit facility and maturing the finance function to support our long-term growth. We wish him the best as he returns to his roots in the banking industry. The search for our new CFO is now underway.

My time serving shareholders, clients, advisors and our team as the leader of this firm has been a highlight of my career. As a member of the RF Capital Board of Directors and a significant shareholder, I will remain a staunch supporter.

In closing, I remain resolute in my belief that we are building an outstanding company and attracting the very best advisory teams and leadership talent in the industry. While the stock price does not yet reflect what I know to be the growing intrinsic value, which is very disappointing, the work we did made this a better business, with a brighter future. During my season, we planted many trees that will bear fruit for many years to come.

Thank you for your ongoing support.

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Contents

About this Management's Discussion and Analysis

The purpose of this management's discussion and analysis (MD&A) is to help readers understand the consolidated financial condition and results of the consolidated operations of RF Capital Group Inc. (the Company) as at and for the three and six months ended June 30, 2024.

This MD&A, dated July 31, 2024, should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes as at and for the three and six months ended June 30, 2024 (Second Quarter 2024 Financial Statements). This document as well as additional information relating to the Company, including our annual MD&A (2023 Annual MD&A), our audited consolidated financial statements and related notes as at and for the year ended December 31, 2023 (2023 Annual Financial Statements),and our latest annual information form (AIF), can be accessed at *www.rfcapgroup.com* and under our profile at *www.sedarplus.com*, and are incorporated by reference herein.

This MD&A refers to certain non-Generally Accepted Accounting Principles (GAAP) and supplementary financial measures (SFMs), including non-GAAP ratios, which we believe are useful in assessing our financial performance. Readers are cautioned that these measures do not have any standard meaning prescribed by GAAP under IFRS Accounting Standards (IFRS) and are therefore unlikely to be comparable to similar measures presented by other issuers. For further information related to adjusted results and a reconciliation to their nearest IFRS measures, please read the "Non-GAAP and Supplementary Financial Measures" section at the end of this MD&A.

Unless otherwise specified herein, financial results contained in this MD&A, including related historical comparatives, are based on our Second Quarter 2024 Financial Statements, which we have prepared in accordance with International Accounting Standard 34.

Certain prior period amounts have been reclassified to correspond to the current period presentation. All numbers and discussion in this MD&A relate to continuing operations unless otherwise specified.

Our Board of Directors (Board) has approved this document.

Forward-Looking Information

This MD&A contains forward-looking information as defined under applicable Canadian securities laws. This information includes, but is not limited to, statements concerning objectives and strategies to achieve those objectives, as well as statements made with respect to management's beliefs, plans, estimates, projections and intentions and similar statements concerning anticipated future events, results, circumstances, performance, or expectations that are not historical facts. Forward-looking information generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans" or "continue", or similar expressions suggesting future outcomes or events. Such forward-looking information reflects management's current beliefs and is based on information currently available to management. The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement.

The forward-looking statements included in this MD&A, including statements regarding our recruiting pipeline and the nature of our growth strategy and execution of any of our potential plans, are not guarantees of future results and involve numerous risks and uncertainties that may cause actual results to differ materially from the potential results discussed or anticipated in the forward-looking statements, including those described in this MD&A and our AIF. Such risks and uncertainties include, but are not limited to, strategic (including advisor retention and acquisitions), market, credit, liquidity, operational, legal and regulatory risks, and other risk factors, including variations in the market value of securities, dependence on key personnel, and sustainability of fees.

Our results can also be influenced by other factors, such as general economic conditions, including interest rate and exchange rate fluctuations, and natural disasters or other unanticipated events. For a description of additional risks that could cause actual results to differ materially from current expectations, see the "Risk Management" section of our 2023 Annual MD&A.

Although we attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information.

Certain statements included in this MD&A may be considered a "financial outlook" for purposes of applicable Canadian securities laws. The financial outlook may not be appropriate for purposes other than this MD&A.

Forward-looking information contained in this MD&A is:

- Based on assumptions we consider reasonable; however, there can be no assurance that such expectations will prove correct. As such, readers should not place undue reliance on the forward-looking statements and information contained in this MD&A. When relying on forward-looking statements to make decisions, readers should carefully consider the foregoing factors, the list of which is not exhaustive.
- Made as of the date of this MD&A and should not be relied upon as representing our view as of any date subsequent to the date of this MD&A. Except as required by applicable law, our management and Board undertake no obligation to update or revise any forward-looking information publicly, whether as a result of new information, future events or otherwise.
- Expressly qualified in its entirety by the foregoing cautionary statements.

Select Financial Information

($000s, except as otherwise indicated)	As at or for the three months ended June 30, 2024	March 31, 2024	Increase/ (decrease)	June 30, 2023	Increase/ (decrease)	As at or for the six months ended June 30, 2024	June 30, 2023	Increase/ (decrease)
Key performance drivers[1]:								
AUA - ending[2] ($ millions)	**37,125**	37,010	0%	35,788	4%	**37,125**	35,788	4%
AUA - average[2] ($ millions)	**36,974**	36,060	3%	35,880	3%	**36,517**	35,876	2%
Fee revenue	**67,514**	66,146	2%	64,582	5%	**133,660**	127,624	5%
Fee revenue[3] (%)	**90**	92	(235) bps	90	(8) bps	**91**	89	+184 bps
Adjusted operating expense ratio[4] (%)	**71.9**	74.3	(248) bps	70.9	+96 bps	**73.1**	72.8	+30 bps
Adjusted EBITDA margin[5] (%)	**16.5**	15.2	+137 bps	16.9	(36) bps	**15.8**	15.9	(5) bps
Asset yield[6] (%)	**0.86**	0.88	(2) bps	0.86	+0 bps	**0.87**	0.86	+1 bps
Advisory teams[7] (#)	**154**	153	1%	157	(2%)	**154**	157	1%
Operating Performance								
Reported results:								
Revenue	**91,216**	89,361	2%	88,832	3%	**180,577**	176,532	2%
Operating expenses[1,8]	**38,496**	39,229	(2%)	36,946	4%	**77,725**	79,593	(2%)
EBITDA[1]	**15,070**	13,539	11%	14,581	3%	**28,609**	23,539	22%
Income (loss) before income taxes	**2,462**	63	n/m	217	n/m	**2,525**	(5,430)	(146%)
Net income (loss) from continuing operations	**2,714**	(1,127)	n/m	(1,425)	n/m	**1,587**	(6,756)	n/m
Net income (loss) from discontinued operations[9]	**—**	—	n/a	(2,064)	(100%)	**—**	(2,064)	(100%)
Net loss per common share from continuing operations - diluted	**0.10**	(0.14)	n/m	(0.20)	n/m	**(0.04)**	(0.71)	(95%)
Adjusted results[1]:								
Operating expenses[8]	**38,496**	39,229	(2%)	36,533	5%	**77,725**	75,079	4%
EBITDA	**15,070**	13,539	11%	14,994	1%	**28,609**	28,053	2%
Income (loss) before income taxes	**5,726**	3,326	72%	3,892	47%	**9,050**	5,607	61%
Net income (loss)	**5,112**	1,271	302%	1,279	300%	**6,383**	1,385	361%
Adjusted earnings (loss) per common share - diluted	**0.26**	0.01	n/m	0.01	n/m	**0.27**	(0.06)	n/m
Select balance sheet information:								
Total assets	**1,424,915**	1,414,804	1%	1,518,918	(6%)	**1,424,915**	1,518,918	(6%)
Debt	**110,922**	110,922	—	110,922	—	**110,922**	110,922	—
Shareholders' equity	**330,326**	328,515	1%	336,310	(2%)	**330,326**	336,310	(2%)
Net working capital[1,10]	**92,268**	88,282	5%	90,124	2%	**92,268**	90,124	2%
Common share information:								
Book value per common share ($)	**13.85**	13.73	1%	14.20	(3%)	**13.85**	14.20	(3%)
Closing share price ($)	**7.81**	7.23	8%	9.44	(17%)	**7.81**	9.44	(17%)
Common shares outstanding (millions)	**15.7**	15.8	(0%)	15.8	(0%)	**15.7**	15.8	(0%)
Common share market capitalization ($ millions)	**123**	114	8%	149	(17%)	**123**	149	(17%)
Cash flow:								
Cash provided by (used in) operating activities	**5,163**	(11,826)	n/m	25,741	(80%)	**(6,663)**	(287,957)	(98%)
Free cash flow available for growth[1]	**8,620**	7,455	16%	8,746	(1%)	**16,075**	15,908	1%
Free cash flow[1]	**2,011**	3,888	(48%)	7,206	(72%)	**5,899**	897	n/m

1. Considered to be non-GAAP or supplementary financial measures, which do not have any standardized meaning prescribed by GAAP under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. For further information, please see the "Non-GAAP and Supplementary Financial Measures" section of this MD&A.
2. AUA is a measure of client assets and is common in the wealth management business. It represents the market value of client assets that we administer.
3. Calculated as fee revenue divided by commissionable revenue. Commissionable revenue includes fee revenue, trading commissions, and commissions earned in connection with the placement of new issues and the sale of insurance products.
4. Calculated as adjusted operating expenses divided by gross margin
5. Calculated as Adjusted EBITDA divided by revenue
6. Calculated as fee revenue, trading commissions, and interest on cash, divided by average AUA
7. Prior periods have been revised to reflect the internal consolidation of certain teams
8. Operating expenses include employee compensation and benefits, selling, general, and administrative expenses, and transformation costs and other provisions. Adjusted operating expenses are calculated as operating expenses less transformation costs and other provisions.
9. In Q2 2023, we recorded a provision for a legacy employment litigation matter related to the 2019 sale of our capital markets business to Stifel Nicolaus Canada Inc. See Note 25 to the 2023 Annual Financial Statements.
10. Calculated as current assets less current liabilities. For further information, please see the "Liquidity" section of this MD&A.

Quarterly Results

The following table presents select financial information for our eight most recently completed financial quarters.

	2024		2023				2022	
($000s, except as otherwise indicated)	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Key performance drivers[1]:								
AUA - ending[2] ($ millions)	**37,125**	37,010	35,236	34,726	35,788	35,965	34,948	33,604
AUA - average[2] ($ millions)	**36,974**	36,060	34,926	35,630	35,880	35,872	34,788	34,679
Fee revenue	**67,514**	66,146	64,145	66,046	64,582	63,042	63,150	62,505
Fee revenue[3] (%)	**90**	92	89	92	90	88	90	93
Adjusted operating expense ratio[4] (%)	**71.9**	74.3	71.5	67.3	70.9	74.7	68.1	66.9
Adjusted EBITDA margin[5] (%)	**16.5**	15.2	16.7	19.3	16.9	14.9	19.2	19.8
Asset yield[6] (%)	**0.86**	0.88	0.87	0.87	0.86	0.87	0.87	0.87
Advisory teams[7] (#)	**154**	153	156	158	157	158	162	161
Operating Performance:								
Reported results:								
Revenue	**91,216**	89,361	86,752	87,836	88,832	87,700	88,531	85,928
Variable advisor compensation	**37,650**	36,593	35,866	36,012	37,305	36,095	35,276	34,555
Gross margin[8]	**53,566**	52,768	50,886	51,824	51,527	51,605	53,255	51,373
Operating expenses[1,9]	**38,496**	39,229	36,368	34,892	36,946	42,647	38,868	36,435
EBITDA[1]	**15,070**	13,539	14,518	16,932	14,581	8,958	14,388	14,938
Interest	**3,413**	3,750	3,994	3,527	3,675	3,511	3,294	3,015
Depreciation and amortization	**6,286**	6,565	6,849	6,856	6,805	6,895	7,851	6,936
Advisor award and loan amortization	**2,909**	3,161	5,844	4,457	3,884	4,201	4,634	4,381
Income (loss) before income taxes	**2,462**	63	(2,169)	2,092	217	(5,649)	(1,391)	606
Net income (loss) from continuing operations	**2,714**	(1,127)	(2,882)	(189)	(1,425)	(5,332)	(990)	(724)
Net income (loss) from discontinued operations[10]	**—**	—	—	—	(2,064)	—	—	—
Adjusted results[1]:								
Operating expenses[9]	**38,496**	39,229	36,368	34,892	36,533	38,546	36,246	34,380
EBITDA	**15,070**	13,539	14,518	16,932	14,994	13,059	17,009	16,993
Income (loss) before income taxes	**5,726**	3,326	1,094	5,355	3,892	1,715	4,493	5,924
Net income (loss)	**5,112**	1,271	(483)	2,209	1,279	105	3,500	3,197
Cash flow:								
Cash provided by (used in) operating activities	**5,163**	(11,826)	2,834	16,624	25,741	(313,698)	(93,752)	(283,619)
Free cash flow available for growth[1]	**8,620**	7,455	8,312	11,180	8,746	7,162	10,761	12,357
Free cash flow[1]	**2,011**	3,888	(9,612)	6,151	7,206	(6,309)	(4,011)	(1,148)

1. Considered to be non-GAAP or supplementary financial measures, which do not have any standardized meaning prescribed by GAAP under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. For further information, please see the "Non-GAAP and Supplementary Financial Measures" section of this MD&A.
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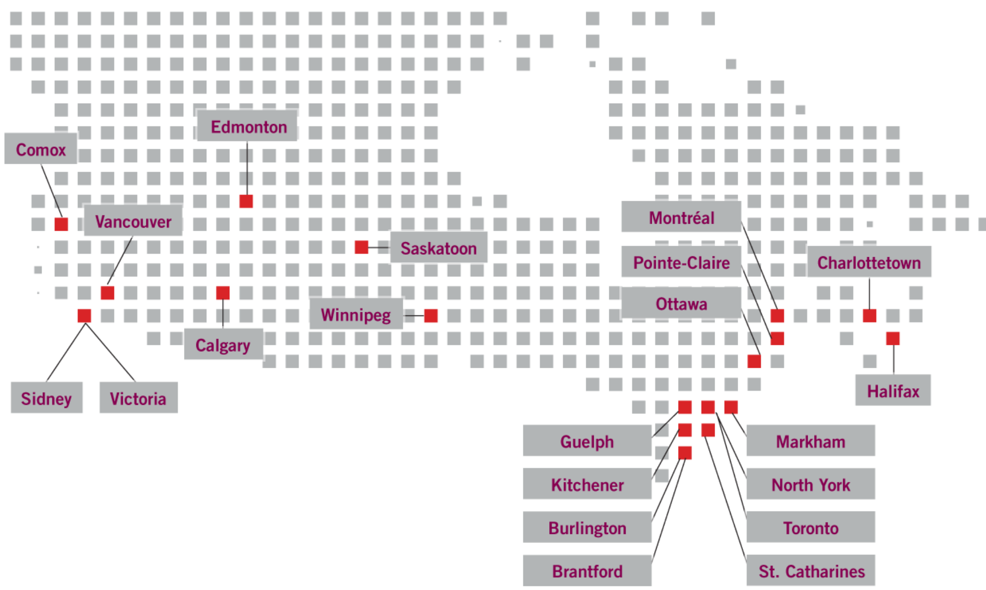
3. Calculated as fee revenue divided by commissionable revenue. Commissionable revenue includes fee revenue, trading commissions, and commissions earned in connection with the placement of new issues and the sale of insurance products.
4. Calculated as adjusted operating expenses divided by gross margin
5. Calculated as Adjusted EBITDA divided by revenue
6. Calculated as fee revenue, trading commissions, and interest on cash, divided by average AUA
7. Prior periods have been revised to reflect the internal consolidation of certain teams
8. Calculated as revenue less advisor variable compensation. We use gross margin to measure operating profitability on the revenue that accrues to the Company after making advisor payments that are directly linked to revenue.
9. Operating expenses include employee compensation and benefits, selling, general, and administrative expenses, and transformation costs and other provisions. Adjusted operating expenses are calculated as operating expenses less transformation costs and other provisions.
10. In Q2 2023, we recorded a provision for a legacy employment litigation matter related to the 2019 sale of our capital markets business to Stifel Nicolaus Canada Inc. See Note 25 to the 2023 Annual Financial Statements.

Business Overview

Headquartered in Toronto, RF Capital is a public company listed on the Toronto Stock Exchange (TSX), and its common and preferred shares trade under the ticker symbols TSX: RCG and RCG.PR.B. Richardson Financial Group Limited owns 44% of the outstanding common shares of the Company, with advisors, other employees, and the public holding the remaining 56%. RF Capital's wholly owned subsidiary, Richardson Wealth, is one of the largest independent wealth management firms in Canada with 154 investment advisor teams serving over 30,000 households out of 22 offices. It operates as Patrimoine Richardson in the francophone market. Richardson Wealth advisors collectively manage $37.1 billion in client assets and provide a comprehensive suite of wealth management services including investment, financial planning, insurance, and tax and estate planning services.

Richardson Wealth consistently ranks amongst the top firms in Canada in Investment Executive's Brokerage Report Card. For the fifth year in a row, Richardson Wealth was named on the 2023 list of Best Workplaces™ in Financial Services & Insurance by Great Place to Work®, a global authority on workplace culture.

To read more about the Company please visit the Company's website at *www.RichardsonWealth.com*.



Vision

To be the brand of choice for Canada's top advisors and their high net-worth clients

$37.1B	154	$240MM	90%	22
AUA	Number of advisory teams	Average AUA per team	Recurring fee-based revenue[1]	Offices across Canada

[1] Calculated as fee revenue divided by commissionable revenue. Commissionable revenue includes fee revenue, trading commissions, and commissions earned in connection with the placement of new issues and the sale of insurance products.

Q2 2024 Financial Performance Summary

Our Q2 results reflected growing AUA and fee revenue, a modest rebound in corporate finance revenue, and cost control. Recruiting activity and equity markets provided a tailwind to our growth by driving AUA higher. Discretionary costs were managed tightly and we recorded a $1.5 million insurance recovery related to a legacy legal matter, though mark-to-market adjustments on RSUs and DSUs caused reported operating expenses to be elevated from last year.

vs Q2 2023

- Quarter-end AUA was up $1.3 billion, as rising equity markets, recruiting, and net new asset gains more than offset the effect of advisor team departures
- Net income from continuing operations of $2.7 million compared to a net loss of $1.4 million last year driven by a reduction in tax provisions recorded this quarter that related to prior periods and lower advisor loan amortization
- Adjusted EBITDA was up $0.1 million, as revenue growth was offset by higher adjusted operating expenses including $1.6 million of incremental mark-to-market expenses on restricted and deferred share units (RSUs and DSUs)
- Revenue increased by $2.4 million, due to 5% higher fee revenue and despite a 16% decline in interest income
- Adjusted operating expenses were up $2.0 million, as mark-to-market adjustments on RSUs and DSUs, higher carrying broker costs, and annual salary adjustments offset a $1.5 million insurance recovery related to a legacy legal matter and lower discretionary expenses
- Free cash flow available for growth was $8.6 million, down $0.1 million from last year. Free cash flow was $2.0 million, down $5.2 million primarily because of higher advisor recruiting payments.

vs Q1 2024

- Quarter-end AUA was up $0.1 billion as growth from recruited assets offset advisor attrition. Average AUA, which is what drives fee revenue, was up by $0.9 billion.
- Net income from continuing operations of $2.7 million improved from a net loss of $1.1 million last quarter, driven by EBITDA growth and a reduction in tax provisions recorded in Q2 that related to prior periods
- Adjusted EBITDA was up $1.5 million due to higher revenues and lower adjusted operating expenses
- Revenue rose $1.9 million mainly from higher fee and corporate finance revenues
- Adjusted operating expenses were down $0.7 million primarily due to a seasonal decrease in statutory benefits costs and the $1.5 million insurance recovery. Partly offsetting these decreases were $0.7 million of incremental mark-to-market expenses on RSUs and DSUs, higher bonus accruals, and annual salary increases (implemented in April of each year).
- Free cash flow available for growth was up $1.2 million because of higher adjusted EBITDA. Free cash flow decreased by $1.9 million primarily because of higher advisor recruiting payments.

Outlook and Key Performance Drivers

Our current view on the drivers of our financial performance and profitability for the remainder of 2024 is as follows:

- AUA is highly correlated with equity market movements but will also be supported by growth in our existing advisors' client assets and by recruiting. We expect to maintain a high pace of recruiting over the coming quarters.
- Interest revenue is likely to follow prime rate trends, which economists expect to continue declining from current levels throughout the year
- Transaction activity underlying our corporate finance revenue could rebound later this year but is more likely than not to remain subdued
- Although we expect inflation to continue at elevated rates, we are committed to finding operating cost savings and efficiencies in our business as a partial offset
- Free cash flow for growth is expected to be deployed towards advisor recruitment

Financial Performance

($000s)	June 30, 2024	March 31, 2024	Increase/ (decrease)	June 30, 2023	Increase/ (decrease)	June 30, 2024	June 30, 2023	Increase/ (decrease)
	For the three months ended					For the six months ended		
Fee revenue	67,514	66,146	2%	64,581	5%	133,660	127,624	5%
Trading commissions	5,081	4,769	7%	4,391	16%	9,850	9,156	8%
Corporate finance	2,613	1,392	88%	2,366	10%	4,005	3,346	20%
Interest	10,411	10,914	(5%)	12,361	(16%)	21,325	25,762	(17%)
Insurance	3,933	4,326	(9%)	3,821	3%	8,259	7,402	12%
Other	1,664	1,814	(8%)	1,312	27%	3,478	3,242	7%
Revenue	91,216	89,361	2%	88,832	3%	180,577	176,532	2%
Variable advisor compensation	37,650	36,593	3%	37,305	1%	74,243	73,400	1%
Gross margin[1]	53,566	52,768	2%	51,527	4%	106,334	103,132	3%
Employee compensation and benefits	21,502	21,666	(1%)	19,268	12%	43,168	40,266	7%
Selling, general and administrative	16,994	17,563	(3%)	17,265	(2%)	34,557	34,813	(1%)
Transformation costs and other provisions	—	—	n/a	413	(100%)	—	4,514	(100%)
Operating expenses[2,3]	38,496	39,229	(2%)	36,946	4%	77,725	79,593	(2%)
EBITDA[2]	15,070	13,539	11%	14,581	3%	28,609	23,539	22%
Interest	3,413	3,750	(9%)	3,675	(7%)	7,163	7,185	(0%)
Depreciation and amortization	6,286	6,565	(4%)	6,805	(8%)	12,851	13,699	(6%)
Advisor award and loan amortization	2,909	3,161	(8%)	3,884	(25%)	6,070	8,085	(25%)
Income (loss) before income taxes	2,462	63	n/m	217	n/m	2,525	(5,430)	n/m
Net income (loss) from continuing operations	2,714	(1,127)	n/m	(1,425)	n/m	1,587	(6,756)	n/m
Adjusted results[2]:								
Operating expenses[3]	38,496	39,229	(2%)	36,533	5%	77,725	75,079	4%
EBITDA	15,070	13,539	11%	14,994	1%	28,609	28,053	2%
Income (loss) before income taxes	5,726	3,326	72%	3,892	47%	9,050	5,607	61%
Net income (loss)	5,112	1,271	n/m	1,279	n/m	6,383	1,385	n/m
Cash flow:								
Cash provided by (used in) operating activities	5,163	(11,826)	n/m	25,741	(80%)	(6,663)	(287,957)	(98%)
Free cash flow available for growth[2]	8,620	7,455	16%	8,746	(1%)	16,075	15,908	1%
Free cash flow[2]	2,011	3,888	(48%)	7,206	(72%)	5,899	897	558%

1. Calculated as revenue less advisor variable compensation. We use gross margin to measure operating profitability on the revenue that accrues to the Company after making advisor payments that are directly linked to revenue.
2. Considered to be non-GAAP or supplementary financial measures, which do not have any standardized meaning prescribed by GAAP under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. For further information, please see the "Non-GAAP and Supplementary Financial Measures" section of this MD&A.
3. Operating expenses include employee compensation and benefits, selling, general, and administrative expenses, and transformation costs and other provisions. Adjusted operating expenses are calculated as operating expenses less transformation costs and other provisions.

Net income (loss) from continuing operations

Q2 2024 vs Q2 2023

The Company reported net income from continuing operations of $2.7 million in Q2 2024, compared to a net loss of $1.4 million last year. Adjusted net income was $5.1 million, up from $1.3 million last year due to a reduction in tax provisions booked this quarter that related to prior years and lower advisor award and loan amortization.

Q2 2024 vs Q1 2024

Net income from continuing operations for this quarter was $2.7 million, compared to a net loss of $1.1 million last quarter. Adjusted net income was up by $3.8 million, from $1.3 million last quarter. Both metrics improved largely due to the reduction in tax provisions and higher adjusted EBITDA.

YTD 2024 vs YTD 2023

Net income from continuing operations was $1.6 million, compared to a net loss of $6.8 million last year. This metric improved partly due to lower transformation costs as we completed our transformation journey in the first half of 2023. Adjusted net income was $6.4 million, up by $5.0 million from $1.4 million last year primarily because of the reduction in tax provisions and lower amortization, including that related to advisor awards and loans.

Adjusted EBITDA

Adjusted EBITDA of $15.1 million was up $0.1 million or 1% compared to Q2 of last year and $1.5 million compared to last quarter. For the six months ended June 30, 2024, adjusted EBITDA was up $0.6 million or 2% from last year. The main drivers of the change in adjusted EBITDA are discussed below.

Revenue

Q2 2024 vs Q2 2023

Revenue was up $2.4 million or 3%, primarily due to the following factors:

(all figures in $millions)

Categories of Revenue	Change	Explanation
Fee revenue	2.9	Grew due to higher fee-based AUA. AUA was up as growth from markets, recruiting, and net new assets exceeded the impact of advisor attrition. Fee revenue growth also reflected a continued shift in our AUA mix towards higher yielding fee-based AUA.
Trading commissions	0.7	Improved due to higher trading activity in client accounts
Other revenue	0.4	Increased primarily due to higher foreign exchange revenues. This relates to spreads we earn on transaction activity as well as translation gains on our U.S. dollar cash balances.
Interest	(2.0)	Declined due to lower average cash balances and margin loans and despite higher benchmark rates

Q2 2024 vs Q1 2024

Revenue was up $1.9 million or 2%, primarily as a result of the following factors:

(all figures in $millions)

Categories of Revenue	Change	Explanation
Fee revenue	1.4	Growth was driven by higher assets from advisor recruiting more than offsetting advisor attrition
Corporate finance	1.2	Improved due to increased new issue activity and structured note-related fees
Interest	(0.5)	Declined due to lower average cash balances and the decrease in benchmark rates, partly offset by an increase in margin loans

YTD 2024 vs YTD 2023

Revenue was up $4.0 million or 2%, primarily because of the following factors:

(all figures in $millions)

Categories of Revenue	Change	Explanation
Fee revenue	6.0	Grew for the same reasons as described above in the Q2 2024 vs Q2 2023 commentary
Insurance	0.9	Increased due to higher sales activity
Trading commissions	0.7	Rose due to an increase in trading activity in client accounts
Corporate finance	0.7	Improved due to structured note-related fees
Interest	(4.4)	Declined for the same reasons as described above in the Q2 2024 vs Q2 2023 commentary

Adjusted Operating Expenses

Q2 2024 vs Q2 2023

Adjusted operating expenses were up $2.0 million or 5%, primarily due to the following factors:

(all figures in $millions)

Categories of Expense	Change	Explanation
Compensation	2.2	Was up due to $1.1 million of incremental mark-to-market expenses on RSUs ($0.4 million recovery this year compared to $1.5 million last year), higher bonus accruals, and annual inflationary increases to salaries
SG&A	(0.3)	Declined because a $1.5 million insurance recovery related to a legacy legal matter and lower discretionary expenses offset higher carrying broker costs and mark-to-market adjustments on DSUs. Carrying broker costs increased partly as a function of an upswing in client trading activity. DSU mark-to-market costs were up $0.5 million as we booked $0.1 million of *expenses* this year compared to $0.4 million of *recoveries* last year.

Q2 2024 vs Q1 2024

Adjusted operating expenses were down $0.7 million or 2%, primarily as a result of the following factors:

(all figures in $millions)

Categories of Expense	Change	Explanation
SG&A	(0.6)	Declined as the insurance recovery related to a legacy legal matter offset higher carrying broker costs, which were up partly because of increased trading activity, and mark-to-market expenses on DSUs
Compensation	(0.2)	Decreased as our statutory benefit costs were lower due to seasonality, offset by $0.4 million lower mark-to-market *recoveries* on RSUs, higher bonus accruals, and annual inflationary increases to salaries

YTD 2024 vs YTD 2023

Adjusted operating expenses were up $2.6 million or 4%, primarily because of the following factors:

(all figures in $millions)

Categories of Expense	Change	Explanation
Compensation	2.9	Was up largely due to the reasons described in the Q2 2024 vs Q2 2023 commentary above. The increase in mark-to-market costs was $0.3 million ($1.2 million of *recoveries* this year compared to $1.5 million last year).
SG&A	(0.3)	Decreased largely for the same reasons described in the Q2 2024 vs Q2 2023 commentary above. In addition, office costs declined because 2023 expenses were elevated by the move of our head office and a return to in-person work. The impact of mark-to-market adjustments on DSUs was an incremental expense of $0.4 million ($0.4 million of *recoveries* last year compared to $nil this year).

Cash Flow

Q2 2024 vs Q2 2023

Free cash flow available for growth was down 0.1 million or 1%, driven by higher maintenance capital expenditures. *Free cash flow* was down $5.2 million primarily because of $7.1 million of advisor recruiting payments.

Q2 2024 vs Q1 2024

Free cash flow available for growth was up $1.2 million or 16% primarily due to higher adjusted EBITDA. *Free cash flow* was down $1.9 million mainly due to higher payments for advisor recruiting.

YTD 2024 vs YTD 2023

Free cash flow available for growth was up $0.2 million or 1% primarily due to higher adjusted EBITDA. *Free cash flow* increased by $5.0 million as reduced capital expenditures for office build outs and lower transformation costs offset higher payments for advisor recruiting.

Financial Condition

Capital and balance sheet strength are key priorities for us. We had conservative levels of working capital and debt on our balance sheet at the end of Q2 2024.

					As at
($000s, except as otherwise indicated)	June 30, 2024	March 31, 2024	Increase/ (decrease)	December 31, 2023	Increase/ (decrease)
Selected highlights:					
Total assets	**1,424,915**	1,414,804	1%	1,379,983	3%
Shareholders' equity	**330,326**	328,515	1%	330,539	(0%)
Debt	**110,922**	110,922	—	110,922	—
Net working capital[1]	**92,268**	88,282	5%	81,208	14%
Debt:					
Revolving credit facility	**80,500**	80,500	—	80,500	—
Preferred share liability	**30,422**	30,422	—	30,422	—
	110,922	110,922	—	110,922	—
Ratios[1]:					
Total debt to Adjusted EBITDA	**1.8**	2.0	(10%)	1.9	(1%)
Adjusted EBITDA to interest[2]	**5.9**	4.7	26%	5.2	12%

1. Considered to be non-GAAP or supplementary financial measure, which does not have any standardized meaning prescribed by GAAP under IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. For further information, please see the "Non-GAAP and Supplementary Financial Measures" section of this MD&A.
2. Includes interest expense on debt, lease liabilities, and client accounts

Q2 2024 vs Q1 2024

Shareholders' equity increased by $1.8 million as we reported $2.7 million net income for the period ended June 30, 2024 and paid $1.1 million of preferred share dividends.

Q2 2024 vs Q4 2023

Total assets increased 3% from December 31, 2023, largely as a result of growth in margin loans.

Shareholders' equity remained relatively flat as we reported $1.6 million net income for the six months ended June 30, 2024 and paid $2.1 million of preferred share dividends.

Revolving Credit Facility

We have a $200 million revolving credit facility with a syndicate of lenders. Subsequent to the end of the reporting period, we reached an agreement with our lenders to extend this facility for one additional year, to May 4, 2026.

As of June 30, 2024, we had drawn $80.5 million against the facility, unchanged from the end of 2023. Combined with our strong current and expected future operating cash flows and our excess working capital, the facility provides us with funding and flexibility to accelerate our organic growth, recruiting and other strategic initiatives. For further information, see Note 21 to the 2023 Annual Financial Statements.

The facility contains clauses whereby we are required to meet four financial covenants. As at June 30, 2024, we complied with all four covenants.

Liquidity

Management and the Board continually assess the Company's dividend policy, expense structure, and capital spending plans in the context of our overall financial and liquidity positions. Our intent is to ensure that our business and financial strategies will not expose us to excessive financial risk.

Working Capital and Cash Flow

We require liquidity to fund our day-to-day operations, growth initiatives, and cash distributions, as well as to manage the financial risks inherent in our business. Management believes that our current working capital, positive cash flow, and the undrawn amounts under our credit facilities provide us with more than enough liquidity to manage through periods of financial stress. If equity markets or other business conditions deteriorate to a level that adversely impacts our expected cash flow, we will take swift action to preserve our liquidity position.

As at June 30, 2024, we had working capital[1] of $92.3 million.

Liquid Assets

Liquid assets are comprised of cash, cash equivalents, and certain government securities. We hold our cash across several financial institutions, all of which have high credit ratings. We had $67.8 million of liquid assets[2] at June 30, 2024, down from $81.4 million at December 31, 2023. The decline in liquid assets was related to payments of annual bonuses and remittance of sales taxes.

Capital Requirements of Subsidiaries

Our Richardson Wealth subsidiary is subject to regulatory capital requirements. These requirements are designed to assess the sufficiency of its liquidity position and to provide indications to the relevant regulatory authority of possible concerns. Richardson Wealth's capital levels complied with all regulatory requirements during Q2 2024.

Share Information

At the date of this report, July 31, 2024, we had 15.7 million common shares issued and outstanding (Common Shares). In addition, there were 55,000 unexercised stock options outstanding, with a weighted average exercise price of $19.23 per share. We also had 4.6 million Series B non-cumulative 5-year rate reset preferred shares issued and outstanding.

[2] Considered to be non-GAAP or supplementary financial measures, which does not have any standardized meaning prescribed by GAAP under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. For further information, please see the "Non-GAAP and Supplementary Financial Measures" section of this MD&A.

Related-Party Transactions

Our related parties include the following persons and/or entities: (a) key management personnel, which are comprised of our directors and/or officers and entities that are controlled (directly or indirectly) by key management personnel; and (b) shareholders who can significantly influence our operations. For further information on Related-Party Transactions, please refer to Note 13 to the 2023 Annual Financial Statements.

Material Accounting Policies and Estimates

Our material accounting policies are essential to an understanding of our reported results of operations and financial position. The accounting policies applied by us as at and for the three and six months ended June 30, 2024 are the same as those applied by us as at and for the year ended December 31, 2023. Please refer to Note 3 to the 2023 Annual Financial Statements for further information.

The most significant areas for which we must make estimates and judgments include goodwill and intangible assets; income taxes and deferred tax assets and liabilities; provisions, including legal and restructuring charges; share-based compensation and financial instruments measured at fair value. We make judgments in assessing assets for impairment as well as assessing whether performance obligations have been fulfilled under revenue contracts. Please refer to Note 2 to the 2023 Annual Financial Statements for more information.

Risk Management

The Company is exposed to risks that are similar to those of other financial institutions, including the symptoms and effects of both domestic and global economic conditions and other factors that could adversely affect the business, financial condition, and operating results. For a complete description of risk factors, please see Note 20 to the 2023 Annual Financial Statements and the "Risk Management" section of our 2023 Annual MD&A dated February 29, 2024. Both documents can be found on our website at *www.richardsonwealth.com/investor-relations*.

Financial Instruments

A significant portion of our assets and liabilities are composed of financial instruments. There were no material changes in our use of financial instruments, or the types of financial instruments employed in our trading and non-trading activities during the three and six months ended June 30, 2024.

Please refer to Note 3 to the 2023 Annual Financial Statements for more information.

Future Changes in Accounting Policies or Estimates

We continuously monitor the changes proposed by the International Accounting Standards Board and analyze the effect that changes in the standards may have on the Company. For a summary of future changes in accounting policies or estimates refer to Note 3 to the 2023 Annual Financial Statements.

Controls and Procedures

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that material information relating to the Company is accumulated and communicated to our Chief Executive Officer (CEO) and Chief Financial Officer (CFO) on a timely basis to enable appropriate decisions regarding required public disclosure. As of June 30, 2024, management evaluated the effectiveness of disclosure controls and procedures as defined under *National Instrument 52-109*. Based on that evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Non-GAAP and Supplementary Financial Measures

In addition to GAAP prescribed measures, we use a variety of non-GAAP financial measures, non-GAAP ratios and SFMs to assess our performance. We use these non-GAAP financial measures and SFMs because we believe that they provide useful information to investors regarding our performance and results of operations. Readers are cautioned that non-GAAP financial measures, including non-GAAP ratios, and SFMs often do not have any standardized meaning and therefore may not be comparable to similar measures presented by other issuers. Non-GAAP measures are reported in addition to, and should not be considered alternatives to, measures of performance according to IFRS.

Non-GAAP Financial Measures

A non-GAAP financial measure is a financial measure used to depict our historical or expected future financial performance, financial position or cash flow and, with respect to its composition, either excludes an amount that is included in, or includes an amount that is excluded from, the composition of the most directly comparable financial measure disclosed in our Second Quarter 2024 Financial Statements and 2023 Annual Financial Statements. A non-GAAP ratio is a financial measure disclosed in the form of a ratio, fraction, percentage, or similar representation and that has a non-GAAP financial measure as one or more of its components.

The primary non-GAAP financial measures (including non-GAAP ratios) used in this MD&A are:

EBITDA

The use of EBITDA is common in the wealth management industry. We believe it provides a more accurate measure of our core operating results and is a commonly used basis for enterprise valuation. EBITDA is used to evaluate core operating performance by adjusting net income/(loss) to exclude:

- Interest expense, which we record primarily in connection with debt
- Income tax expense/(benefit)
- Depreciation and amortization expense, which we record primarily in connection with intangible assets, leases, equipment, and leasehold improvements
- Amortization in connection with investment advisor transition and loan programs. We view these loans as an effective recruiting and retention tool for advisors, the cost of which is assessed by management upfront when the loan is provided rather than over its term.

The table in the "Quarterly Non-GAAP Information" section below reconciles our reported net income/(loss) to adjusted EBITDA.

Operating Expenses

Operating expenses include:

- Employee compensation and benefits
- Selling, general, and administrative expenses
- Transformation costs and other provisions

These are the expense categories that factor into the EBITDA calculation discussed above.

Fee Revenue

Fee revenue represents the fees that our advisors generate for providing wealth management services and investment advice to their clients. The majority of fee revenue is fees charged to clients as a percentage of AUA. It is often referred to as *recurring* fee revenue because of the fact that the revenue tends to be less volatile than other types of revenue. Fee revenue also includes performance fees, which are charged by several of our advisors in the first quarter of each year based on performance in the prior calendar year and therefore experience more volatility.

Commissionable Revenue

Commissionable revenue includes fee revenue, trading commissions, commission revenue earned in connection with the placement of new issues, and revenue earned on the sale of insurance products. We use commissionable revenue to evaluate advisor compensation paid on that revenue.

Adjusted Results

In periods that we determine adjusting items have a significant impact on a user's assessment of ongoing business performance, we may present adjusted results in addition to reported results by removing these items from the reported results. Management considers the adjusting items to be outside of our core operating performance. We believe that adjusted results can enhance comparability across reporting periods and provide the reader with a better understanding of how management views core performance. Adjusted results are also intended to provide the user with results that have greater consistency and comparability to those of other issuers.

Adjusted EBITDA Margin

Adjusted EBITDA margin is a non-GAAP ratio defined as Adjusted EBITDA as a percentage of revenue.

Adjusting items in this MD&A include the following:

- **Transformation costs and other provisions:** charges in connection with the ongoing transformation of our business and other matters. These charges have encompassed a range of transformation initiatives, including refining our ongoing operating model, outsourcing our carrying broker operations, realigning parts of our real estate footprint, and rolling out our new strategy across the Company.
- **Amortization of acquired intangible assets:** amortization of intangible assets created on the acquisition of Richardson Wealth.

All adjusting items affect reported expenses.

Adjusted Operating Expenses

Adjusted operating expenses are defined as total reported expenses *less* interest, advisor award and loan amortization, depreciation and amortization, and transformation costs and other provisions.

The table in the "Quarterly Non-GAAP Information" section below reconciles our reported total expenses to adjusted operating expenses.

Adjusted Operating Expense Ratio

Adjusted operating expense ratio is a non-GAAP ratio defined as adjusted operating expenses divided by gross margin.

Adjusted Net Income

Adjusted net income is defined as net income (loss) from continuing operations less adjusting items.

The table in the "Quarterly Non-GAAP Information" section below reconciles our reported net income/(loss) to adjusted net income/(loss).

Free Cash Flow Available for Growth

Free cash flow available for growth is the cash flow that the Company generates from its continuing operations before any investments in growth or transformation initiatives. It is calculated as cash provided by (used in) operating activities per the Consolidated Statement of Cash Flows *before* any changes in non-cash operating items, *less* lease payments and maintenance capital expenditures. It does not consider transformation charges, the income (loss) from discontinued operations, or dividends.

Free Cash Flow

Free cash flow is the net cash flow that the Company generates from its operations after funding its growth and transformation initiatives, including building out new offices to accommodate its growth. It is calculated as free cash flow available for growth *plus* the income (loss) from discontinued operations and leasehold inducements *less* cash outlays to recruit new advisors to the firm, capital expenditures on growth initiatives, transformation costs, and the net change in balance sheet provisions.

The table in the "Quarterly Non-GAAP Information" section below reconciles our reported cash provided by (used in) operating activities to free cash flow for growth and free cash flow.

Quarterly Non-GAAP Information

The following table presents select non-GAAP financial information for our eight most recently completed financial quarters.

	2024		2023				2022	
($000s, except as otherwise indicated)	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Adjusted EBITDA:								
Net income (loss) from continuing operations - reported	**2,714**	(1,127)	(2,882)	(189)	(1,425)	(5,332)	(990)	(724)
Income tax expense (recovery)	**(252)**	1,190	713	2,281	1,642	(317)	(401)	1,330
Income (loss) before income taxes - reported	**2,462**	63	(2,169)	2,092	217	(5,649)	(1,391)	606
Interest	**3,413**	3,750	3,994	3,527	3,675	3,511	3,294	3,015
Advisor award and loan amortization	**2,909**	3,161	5,844	4,457	3,884	4,201	4,634	4,381
Depreciation and amortization	**6,286**	6,565	6,849	6,856	6,805	6,895	7,851	6,936
EBITDA	**15,070**	13,539	14,518	16,932	14,581	8,958	14,388	14,938
Transformation costs and other provisions	**—**	—	—	—	413	4,101	2,621	2,055
Adjusted EBITDA	**15,070**	13,539	14,518	16,932	14,994	13,059	17,009	16,993
Adjusted operating expenses:								
Total expenses - reported	**51,104**	52,705	53,055	49,732	51,310	57,254	54,646	50,767
Interest	**3,413**	3,750	3,994	3,527	3,675	3,511	3,294	3,015
Advisor award and loan amortization	**2,909**	3,161	5,844	4,457	3,884	4,201	4,634	4,381
Depreciation and amortization	**6,286**	6,565	6,849	6,856	6,805	6,895	7,851	6,936
Operating expenses	**38,496**	39,229	36,368	34,892	36,946	42,647	38,868	36,435
Transformation costs and other provisions	**—**	—	—	—	413	4,101	2,621	2,055
Adjusted operating expenses	**38,496**	39,229	36,368	34,892	36,533	38,546	36,246	34,380
Adjusted net income:								
Net income (loss) from continuing operations - reported	**2,714**	(1,127)	(2,882)	(189)	(1,425)	(5,332)	(990)	(724)
After-tax adjusting items:								
Transformation costs and other provisions	**—**	—	—	—	306	3,039	2,093	1,522
Amortization of acquired intangibles	**2,398**	2,398	2,399	2,398	2,398	2,398	2,398	2,398
Adjusted net income (loss)	**5,112**	1,271	(483)	2,209	1,279	105	3,500	3,197
Earnings per common share from continuing operations:								
Basic	**0.11**	(0.14)	(0.26)	(0.10)	(0.20)	(0.51)	(0.21)	(0.19)
Diluted	**0.10**	(0.14)	(0.26)	(0.10)	(0.20)	(0.51)	(0.21)	(0.19)
Adjusted earnings per common share:								
Basic	**0.26**	0.01	(0.10)	0.09	0.02	(0.08)	0.25	0.22
Diluted	**0.26**	0.01	(0.10)	0.07	0.01	(0.08)	0.15	0.13
Cash flow:								
Cash provided by (used in) operating activities	**5,163**	(11,826)	2,834	16,624	25,741	(313,698)	(93,752)	(283,619)
Net change in non-cash operating items	**6,616**	21,966	8,315	(3,052)	(16,580)	319,577	105,331	296,031
Capital expenditures - maintenance	**(902)**	(419)	(797)	(348)	(619)	(555)	(1,247)	—
Lease payments	**(2,257)**	(2,266)	(2,040)	(2,044)	(2,273)	(2,263)	(2,192)	(2,110)
Net loss from discontinued operations	**—**	—	—	—	2,064	—	—	—
Transformation costs and other provisions (pre-tax)	**—**	—	—	—	413	4,101	2,621	2,055
Free cash flow available for growth	**8,620**	7,455	8,312	11,180	8,746	7,162	10,761	12,357
Advisor loans net of repayments	**(7,088)**	(2,249)	(13,224)	(557)	657	(2,961)	(3,519)	(956)
Capital expenditures - office build outs (net of lease inducements)	**928**	(82)	936	225	(854)	(3,175)	(8,737)	(9,514)
Net loss from discontinued operations	**—**	—	—	—	(2,064)	—	—	—
Transformation costs and other provisions (pre-tax)	**—**	—	—	—	(413)	(4,101)	(2,621)	(2,055)
Net change in provisions	**(449)**	(1,236)	(5,636)	(4,697)	1,134	(3,234)	105	(980)
Free cash flow	**2,011**	3,888	(9,612)	6,151	7,206	(6,309)	(4,011)	(1,148)

YTD Non-GAAP Information

The following table presents select year-to-date non-GAAP financial information for the current and prior fiscal years.

($000s, except as otherwise indicated)	For the six months ended June 30, 2024	June 30, 2023
Adjusted EBITDA:		
Net income (loss) from continuing operations - reported	1,587	(6,756)
Income tax expense (recovery)	938	1,324
Income (loss) before income taxes - reported	2,525	(5,430)
Interest	7,163	7,185
Advisor award and loan amortization	6,070	8,085
Depreciation and amortization	12,851	13,699
EBITDA	28,609	23,539
Transformation costs and other provisions	—	4,514
Adjusted EBITDA	28,609	28,053
Adjusted operating expenses:		
Total expenses - reported	103,809	108,563
Interest	7,163	7,185
Advisor award and loan amortization	6,070	8,085
Depreciation and amortization	12,851	13,699
Operating expenses	77,725	79,593
Transformation costs and other provisions	—	4,514
Adjusted operating expenses	77,725	75,079
Adjusted net income:		
Net income (loss) from continuing operations - reported	1,587	(6,756)
After-tax adjusting items:		
Transformation costs and other provisions	—	3,345
Amortization of acquired intangibles	4,796	4,796
Adjusted net income (loss)	6,383	1,385
Earnings per common share from continuing operations:		
Basic	(0.04)	(0.71)
Diluted	(0.04)	(0.71)
Adjusted earnings per common share:		
Basic	0.27	(0.06)
Diluted	0.27	(0.06)
Cash flow:		
Cash provided by (used in) operating activities	(6,663)	(287,957)
Net change in non-cash operating items	28,582	302,997
Capital expenditures - maintenance	(1,321)	(1,174)
Lease payments	(4,523)	(4,536)
Net loss from discontinued operations	—	2,064
Transformation costs and other provisions (pre-tax)	—	4,514
Free cash flow available for growth	16,075	15,908
Advisor loans net of repayments	(9,337)	(2,304)
Capital expenditures - office build outs (net of lease inducements)	846	(4,029)
Net loss from discontinued operations	—	(2,064)
Transformation costs and other provisions (pre-tax)	—	(4,514)
Net change in provisions	(1,685)	(2,100)
Free cash flow	5,899	897

Supplementary Financial Measures

An SFM is a financial measure that is not reported in our Financial Statements, and is, or is intended to be, reported periodically to represent historical or expected future financial performance, financial position, or cash flows. The Company's key SFMs disclosed in this MD&A include AUA, working capital, recruiting pipeline, and net new and recruited assets. Management uses these measures to assess the operational performance of the Company. These measures do not have any definition prescribed under IFRS and do not meet the definition of a non-GAAP measure or non-GAAP ratio and may differ from the methods used by other companies and therefore these measures may not be comparable to other companies. The composition and explanation of an SFM is provided in this MD&A where the measure is first disclosed if the SFM's labeling is not sufficiently descriptive.

Consolidated Balance Sheets

($ thousands) As at	Note	June 30, 2024	December 31, 2023
ASSETS			
Cash and cash equivalents		67,022	80,829
Securities owned		744	613
Receivable from:			
Clients		301,841	254,989
Brokers		580,481	560,387
Employee and other loans receivable		54,307	48,597
Equipment and leasehold improvements		31,285	34,801
Right-of-use assets		39,597	47,433
Other assets		19,874	15,092
Deferred tax assets		10,017	11,622
Goodwill and intangible assets	4	319,747	325,620
		1,424,915	1,379,983
LIABILITIES			
Payable to clients		819,573	764,592
Accounts payable and accrued liabilities	6	62,623	61,207
Provisions	9	10,616	12,301
Debt	10	110,922	110,922
Lease liabilities		51,838	59,675
Deferred tax liability		39,017	40,747
		1,094,589	1,049,444
EQUITY			
Common shares		461,250	461,523
Preferred shares	5	112,263	112,263
Contributed surplus		47,345	46,726
Accumulated other comprehensive income		20,293	20,293
Accumulated deficit		(310,825)	(310,266)
Shareholders' equity		330,326	330,539
		1,424,915	1,379,983

See accompanying notes, which are an integral part of these unaudited interim condensed consolidated financial statements.

"Kishore Kapoor"
Kishore Kapoor
President and Chief Executive Officer

"Donald Wright"
Donald Wright
Chair of the Board

Consolidated Statement of Income (Loss)

($ thousands)	Note	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
REVENUE					
Wealth management		**72,595**	68,972	**143,510**	136,780
Corporate finance		**2,613**	2,366	**4,005**	3,346
Interest		**10,411**	12,361	**21,325**	25,762
Other	3	**5,597**	5,133	**11,737**	10,644
Total Revenue	3	**91,216**	88,832	**180,577**	176,532
Variable advisor compensation		**37,650**	37,305	**74,243**	73,400
Gross Margin		**53,566**	51,527	**106,334**	103,132
EXPENSES					
Employee compensation and benefits		**21,502**	19,385	**43,168**	41,088
Selling, general and administrative		**16,994**	17,561	**34,557**	38,505
Advisor award and loan amortization		**2,909**	3,884	**6,070**	8,085
Interest		**3,413**	3,675	**7,163**	7,185
Depreciation and amortization		**6,286**	6,805	**12,851**	13,699
		51,104	51,310	**103,809**	108,562
Income/(loss) before income taxes		**2,462**	217	**2,525**	(5,430)
Income tax expense/(recovery)					
Current		**522**	480	**1,062**	983
Deferred		**(774)**	1,162	**(124)**	343
		(252)	1,642	**938**	1,326
Net income/(loss) from continuing operations		**2,714**	(1,425)	**1,587**	(6,756)
Net income/(loss) from discontinued operations	12	**—**	(2,064)	**—**	(2,064)
Net income/(loss)		**2,714**	(3,489)	**1,587**	(8,820)
Weighted-average number of common shares outstanding: (in thousands)					
Basic	7	**15,417**	12,449	**15,415**	12,455
Diluted	7	**15,750**	15,773	**15,750**	15,781
Net income (loss) per common share (dollars) from continuing operations:					
Basic	7	**0.11**	(0.20)	**(0.04)**	(0.71)
Diluted	7	**0.10**	(0.20)	**(0.04)**	(0.71)
Net income (loss) per common share (dollars):					
Basic	7	**0.11**	(0.37)	**(0.04)**	(0.88)
Diluted	7	**0.10**	(0.37)	**(0.04)**	(0.88)

See accompanying notes, which are an integral part of these unaudited interim condensed consolidated financial statements.

Consolidated Statement of Comprehensive Income (Loss)

($ thousands)	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Net income/(loss)	**2,714**	(3,489)	**1,587**	(8,820)
Total other comprehensive income/(loss)	—	—	—	—
Total comprehensive income/(loss) attributable to shareholders	**2,714**	(3,489)	**1,587**	(8,820)

See accompanying notes, which are an integral part of these unaudited interim condensed consolidated financial statements.

Consolidated Statement of Changes in Equity

($ thousands)	Note	Preferred shares #	Preferred shares $	Common shares #	Common shares $	Contributed surplus $	Accumulated other comprehensive income $	Accumulated deficit $	Shareholders' equity $
As at December 31, 2022		4,600	112,263	15,570	462,935	46,151	19,652	(294,080)	346,921
Common shares purchased, cancelled and forfeited	5	—	—	(27)	(1,063)	—	641	—	(422)
Share-based compensation		—	—	—	—	349	—	—	349
Preferred share dividends	5	—	—	—	—	—	—	(1,073)	(1,073)
Net income/(loss)		—	—	—	—	—	—	(5,332)	(5,332)
As at and for the period ended March 31, 2023		4,600	112,263	15,543	461,872	46,500	20,293	(300,485)	340,443
Share-based compensation		—	—	—	—	430	—	(1)	429
Preferred share dividends	5	—	—	—	—	—	—	(1,073)	(1,073)
Net income/(loss)		—	—	—	—	—	—	(3,489)	(3,489)
As at and for the period ended June 30, 2023		4,600	112,263	15,543	461,872	46,930	20,293	(305,048)	336,310
As at December 31, 2023		4,600	112,263	15,566	461,523	46,726	20,293	(310,266)	330,539
Share-based compensation		—	—	—	—	176	—	—	176
Preferred share dividends	5	—	—	—	—	—	—	(1,073)	(1,073)
Net income/(loss)		—	—	—	—	—	—	(1,127)	(1,127)
As at and for the period ended March 31, 2024		4,600	112,263	15,566	461,523	46,902	20,293	(312,466)	328,515
Common shares cancelled and forfeited	5	—	—	(14)	(273)	273	—	—	—
Share-based compensation	6	—	—	4	—	170	—	—	170
Preferred share dividends	5	—	—	—	—	—	—	(1,073)	(1,073)
Net income/(loss)		—	—	—	—	—	—	2,714	2,714
As at and for the period ended June 30, 2024		4,600	112,263	15,556	461,250	47,345	20,293	(310,825)	330,326

See accompanying notes, which are an integral part of these unaudited interim condensed consolidated financial statements.

Consolidated Statement of Cash Flows

($ thousands)	Note	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
OPERATING ACTIVITIES					
Net income/(loss)		2,714	(3,489)	1,587	(8,820)
Add/(deduct) items not involving cash:					
Depreciation and amortization		6,286	6,805	12,851	13,699
Advisor loan amortization		2,909	3,884	6,070	8,085
Accretion of lease liability expense		644	799	1,535	1,733
Deferred income taxes		(774)	1,162	(124)	343
		11,779	9,161	21,919	15,040
Net change in non-cash operating items	11	(6,616)	16,580	(28,582)	(302,997)
Cash provided by (used in) operating activities		5,163	25,741	(6,663)	(287,957)
FINANCING ACTIVITIES					
Dividends paid on preferred shares	5	(1,073)	(1,073)	(2,146)	(2,146)
Purchase of shares for cancellation		—	—	—	(422)
Lease payments		(2,257)	(2,273)	(4,523)	(4,536)
Cash provided by (used in) financing activities		(3,330)	(3,346)	(6,669)	(7,104)
INVESTING ACTIVITIES					
Intangibles		(810)	(366)	(1,180)	(621)
Equipment and leasehold improvements, net of inducements		836	(2,968)	705	(6,443)
Cash provided by (used in) investing activities		26	(3,334)	(475)	(7,064)
Net change in cash and cash equivalents		1,859	19,061	(13,807)	(302,125)
Cash and cash equivalents, beginning of period		65,163	46,662	80,829	367,848
Cash and cash equivalents, end of period		67,022	65,723	67,022	65,723
Supplemental cash flow information relating to operating activities					
Interest paid		2,784	2,808	5,695	5,246
Interest received		10,200	12,388	21,390	26,055
Taxes paid		429	858	859	858

See accompanying notes, which are an integral part of these unaudited interim condensed consolidated financial statements.

Note 1 – Corporate Information

RF Capital Group Inc. (RF Capital or the Company), is incorporated under the laws of the Province of Ontario, Canada and has its registered office and principal place of business located at 100 Queens Quay East, Suite 2500, Toronto, Ontario, M5E 1Y3. The Company's common shares and Series B preferred shares are listed on the Toronto Stock Exchange (TSX) under the symbols RCG and RCG.PR.B respectively. The Company is the parent company of its wholly owned operating subsidiary Richardson Wealth Limited (Richardson Wealth). Richardson Wealth is a member of the Canadian Investment Regulatory Organization (CIRO) and a member of the Canadian Investor Protection Fund.

Note 2 – Basis of Preparation

Basis of Presentation

These interim condensed consolidated financial statements (Interim Financial Statements) of the Company, have been prepared by management in accordance with International Accounting Standard 34, Interim Financial Reporting as issued by the International Accounting Standards Board (IASB) using the same accounting policies as disclosed in the notes to the Company's audited annual consolidated financial statements for the year ended December 31, 2023 (Annual Financial Statements).

These Interim Financial Statements should be read in conjunction with the notes to the Company's Annual Financial Statements. Unless otherwise indicated, all amounts are expressed in thousands of Canadian dollars and rounded to the nearest thousand except share and per share amounts. These Interim Financial Statements include the assets, liabilities, and results of operations of our wholly owned subsidiaries, after the elimination of intercompany transactions and balances.

These Interim Financial Statements were authorized for issuance by the Company's Board of Directors on July 31, 2024.

Critical Accounting Estimates and Use of Judgment

The preparation of these Interim Financial Statements in accordance with IFRS Accounting Standards (IFRS) requires management to make estimates and exercise judgment that affect reported amounts of certain assets and liabilities, certain revenue and expenses and other related disclosures. The areas of significant judgment, estimates and assumptions are revenue recognition, impairment of goodwill and intangible assets, income taxes and valuation of deferred taxes, share-based compensation, provisions and the fair value of financial instruments as detailed in Note 3 of the Annual Financial Statements.

Note 3 – Revenue

The following table presents disaggregated revenue information for the Company for the three and six months ended June 30, 2024 and 2023.

	Three months ended June 30,		Six months ended June 30,	
($ thousands)	**2024**	2023	**2024**	2023
Fee Revenue	**67,514**	64,581	**133,660**	127,624
Commissions	**5,081**	4,391	**9,850**	9,156
Corporate finance	**2,613**	2,366	**4,005**	3,346
Other customer revenue	**4,055**	3,915	**8,460**	7,679
Revenue - contracts with customers	**79,263**	75,253	**155,975**	147,805
Interest revenue	**10,411**	12,361	**21,325**	25,762
Other revenue	**1,542**	1,218	**3,277**	2,965
Total revenue	**91,216**	88,832	**180,577**	176,532
Timing of revenue recognition				
Point in time	**7,694**	6,756	**13,855**	12,703
Over time	**71,569**	68,497	**142,120**	135,102
Revenue - contracts with customers	**79,263**	75,253	**155,975**	147,805
Interest revenue	**10,411**	12,361	**21,325**	25,762
Other revenue	**1,542**	1,218	**3,277**	2,965
Total revenue	**91,216**	88,832	**180,577**	176,532

Comparative periods were reclassified to conform to the current period presentation.

Other Revenue

The following table presents a breakdown of the Company's other revenue for the three and six months ended June 30, 2024 and 2023.

	Three months ended June 30,		Six months ended June 30,	
($ thousands)	**2024**	2023	**2024**	2023
Insurance commissions	**3,933**	3,821	**8,259**	7,402
Foreign exchange	**1,397**	943	**3,125**	1,995
Other	**267**	369	**353**	1,247
	5,597	5,133	**11,737**	10,644

($ Thousands, except share and per share amounts)

Note 4 – Goodwill and Intangible Assets

The following table presents a breakdown of the Company's goodwill and finite life intangible assets as at June 30, 2024 and December 31, 2023.

		Intangible Assets		
Cost	Goodwill	Customer relationships	Other intangible assets[1]	Total
As at January 1, 2023	164,957	197,132	4,321	366,410
Additions	—	371	1,359	1,730
As at December 31, 2023	164,957	197,503	5,680	368,140
Additions	**—**	**—**	**1,180**	**1,180**
Disposals	**—**	**—**	**(30)**	**(30)**
As at June 30, 2024	**164,957**	**197,503**	**6,830**	**369,290**
Accumulated amortization				
As at January 1, 2023	—	28,704	125	28,829
Amortization	—	13,107	584	13,691
As at December 31, 2023	—	41,811	709	42,520
Amortization	**—**	**6,548**	**505**	**7,053**
Disposals	**—**	**—**	**(30)**	**(30)**
As at June 30, 2024	**—**	**48,359**	**1,184**	**49,543**
Net book value				
As at December 31, 2023	164,957	155,692	4,971	325,620
As at June 30, 2024	**164,957**	**149,144**	**5,646**	**319,747**

[1]Other intangible assets is comprised of the portfolio management platform, brand, and other.

As at June 30, 2024, there was no indication of impairment relating to the Company's goodwill or finite life intangible assets.

Note 5 – Share Capital

Preferred Share Dividends

On May 3, 2023, the Board of Directors approved a cash dividend of $0.233313 per Series B Preferred Share for a total of $1,073, payable on June 30, 2023, to preferred shareholders of record on June 15, 2023.

On August 2, 2023, the Board of Directors approved a cash dividend of $0.233313 per Series B Preferred Share for a total of $1,073, payable on September 30, 2023, to preferred shareholders of record on September 15, 2023.

On May 1, 2024, the Board of Directors approved a cash dividend of $0.233313 per Series B Preferred Share for a total of $1,073, payable on June 28, 2024, to preferred shareholders of record on June 14, 2024.

On July 31, 2024, the Board of Directors approved a cash dividend of $0.233313 per Series B Preferred Share for a total of $1,073, payable on September 27, 2024, to preferred shareholders of record on September 13, 2024.

Share Cancellations and Forfeitures

During the first quarter of 2023, 23,692 common shares, with an aggregate cost of $704, were repurchased under the Company's normal course issuer bid (NCIB) and cancelled. In addition, the Company cancelled common shares purchased in 2022 under the NCIB for an aggregate cost of $270. The Company's NCIB ended on March 8, 2023 and was not renewed.

On March 17, 2023, 3,000 common shares were forfeited and cancelled in satisfaction of an employee loan, resulting in a share capital reduction of $89.

On June 24, 2024, 14,154 common shares that were held in escrow were forfeited and cancelled, resulting in a share capital reduction of $273.

Note 6 – Share Based Compensation

Share Incentive Plan

On March 7, 2024, the Company granted 882,412 Restricted Share Units (RSUs) and 165,390 Performance Share Units (PSUs) to employees that entitle them to cash payments on December 1, 2026 and March 7, 2027, respectively. The RSUs and PSUs were granted at a price of $8.25 based on the weighted average closing price of the Company's common shares on the TSX for the 30 consecutive trading days immediately prior to the grant date. The fair value of the RSUs and PSUs granted in March 2024 was $8,169 at the end of the reporting period; this is recognized as an expense with a corresponding increase in Accounts payable and accrued liabilities over the period during which the RSU or PSU vests.

During June 2024, the Company delivered 3,818 vested common shares from its Share Incentive Plan Trust (SIP Trust) to employees.

Deferred Share Unit Plan (DSUs)

On March 7, 2024, the Company granted 36,618 DSUs to directors that entitle them to cash payments when they leave the Company or its Board. The DSUs were issued at a grant price of $8.10, based on the weighted average closing price of the Company's common shares on the TSX for the five consecutive trading days immediately prior to the grant date and had a value of $297. The fair value of the DSUs at the end of the reporting period is $285 and is included in Accounts payable and accrued liabilities.

On May 8, 2024, the Company granted 31,304 DSUs to directors that entitle them to cash payments when they leave the Company or its Board. The DSUs were issued at a grant price of $7.44, based on the weighted average closing price of the Company's common shares on the TSX for the five consecutive trading days immediately prior to the grant date and had a value of $233. The fair value of the DSUs at the end of the reporting period is $244 and is included in Accounts payable and accrued liabilities.

Note 7 – Net Income (Loss) Per Common Share

Net income (loss) per common share consists of the following:

	Three months ended June 30,		Six months ended June 30,	
($ thousands)	**2024**	2023	**2024**	2023
Net income/(loss)	**2,714**	(1,425)	**1,587**	(6,756)
Less: dividends on preferred shares	**(1,073)**	(1,073)	**(2,146)**	(2,146)
Net income/(loss) attributable to common shareholders from continuing operations	**1,641**	(2,498)	**(559)**	(8,902)
Net income/(loss) from discontinued operations	—	(2,064)	—	(2,064)
Net income/(loss) attributable to common shareholders	**1,641**	(4,562)	**(559)**	(10,966)
Weighted-average number of common shares outstanding (in thousands):				
Basic				
Common shares	**15,750**	15,773	**15,750**	15,781
Common shares held by the SIP Trust[1]	**(183)**	(230)	**(184)**	(231)
Contingently returnable common shares held in escrow	**(150)**	(3,094)	**(151)**	(3,095)
	15,417	12,449	**15,415**	12,455
Diluted				
Dilutive effect of shares held by the SIP Trust[1]	**183**	230	**184**	231
Dilutive effect of contingently returnable common shares held in escrow	**150**	3,094	**151**	3,095
	15,750	15,773	**15,750**	15,781
Net income/(loss) per common share - Basic				
Continuing operations	**0.11**	(0.20)	**(0.04)**	(0.71)
Discontinued operations	—	(0.17)	—	(0.17)
Total	**0.11**	(0.37)	**(0.04)**	(0.88)
Net income/(loss) per common share - Diluted[2]				
Continuing operations	**0.10**	(0.20)	**(0.04)**	(0.71)
Discontinued operations	—	(0.17)	—	(0.17)
Total	**0.10**	(0.37)	**(0.04)**	(0.88)

[1]The Company has a SIP Trust for the purposes of purchasing the Company's common shares in the open market and delivering the common shares to the eligible participants upon vesting, for RSUs that were granted before 2022.

[2]In the case of a net loss, the impact of the shares pledged and other common shares subject to vesting conditions under share-based compensation programs on diluted net loss per common share will not be dilutive, therefore basic and diluted net loss per common share are the same.

Note 8 – Fair Value of Financial Instruments

The Company records assets and liabilities held for trading, assets and liabilities designated at fair value, derivatives, certain equity and debt securities and securities sold short but not yet purchased at fair value. Non-trading assets and liabilities are carried at amortized cost less allowances or write-downs for impairment.

For traded securities, quoted market value is considered to be fair value. Securities for which no active market exists are valued using all reasonably available market information. Securities are carried at fair value on the balance sheet.

The carrying value of certain financial assets and liabilities, such as receivables and payables due from or to clients and brokers, employee and other loans receivable, other assets and liabilities, debt and provisions, is a reasonable estimate of fair value due to their short-term nature or because they are frequently repriced to current market rates. These financial instruments are carried at amortized cost on the balance sheet.

Financial Instruments – Fair Value Hierarchy

IFRS 13, Fair Value Measurement, as issued by the IASB requires disclosure of a three-level hierarchy for fair value measurement based upon transparency of inputs into the valuation of a financial asset or financial liability as of the measurement date.

The fair value hierarchy has the following levels:

Level 1. The Company's Level 1 assets and liabilities generally include debt and equity securities that are traded on an active exchange. They are valued based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2. The Company's Level 2 assets and liabilities include equity and debt securities that are not listed on an active exchange. They also include debt and money market securities that are priced using aggregated trade data or reference prices based on yield, maturity and risk rating. The fair value is based on inputs that are observable for the asset or liability, either directly or indirectly, other than quoted prices.

Level 3. The Company's Level 3 assets are broker warrants that are valued based on observable data of the underlying security. Some inputs used in the model for valuing the asset or liability are based on unobservable market data associated with the broker warrants themselves.

The objective of these valuation techniques is to arrive at a fair value determination that reflects the value of the financial instrument at the reporting date that would have been determined by arm's length market participants.

($ Thousands, except share and per share amounts)

The following tables present the fair value hierarchy of the Company's financial assets that are carried at fair value:

As at June 30, 2024	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Securities owned				
Equity securities	385	—	—	385
Derivative financial assets	—	—	359	359
Financial assets carried at fair value	385	—	359	744

As at December 31, 2023	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Securities owned				
Equity securities	450	—	—	450
Derivative financial assets	—	—	163	163
Financial assets carried at fair value	450	—	163	613

The following table presents the changes in fair value measurements of financial assets included in Level 3 of the fair value hierarchy.

	Level 3 fair value
As at December 31, 2022	24
Net unrealized gain (loss) before income taxes	127
Additions	39
Disposals/expiries	(27)
As at December 31, 2023	163
Additions	**37**
Disposals/expiries	**(26)**
Net unrealized gain (loss) before income taxes	**185**
As at June 30, 2024	**359**

($ Thousands, except share and per share amounts)

Note 9 – Provisions

The following table presents the changes in the Company's provisions as at June 30, 2024 and December 31, 2023.

Balance, December 31, 2022	24,734
Additions	3,319
Payments[1]	(15,352)
Recoveries	(400)
As at December 31, 2023	12,301
Additions	**200**
Payments	**(1,826)**
Recoveries	**(59)**
As at June 30, 2024	**10,616**

[1]Includes $400 relating to key management personnel.

Note 10 – Debt

The following table presents a breakdown of the Company's debt obligations as at June 30, 2024 and December 31, 2023.

	2024	2023
Revolving credit facility	**80,500**	80,500
Preferred shares	**30,422**	30,422
	110,922	110,922

Revolving Credit Facility

The facility contains clauses whereby the Company is required to meet certain financial covenants. As at June 30, 2024 and December 31, 2023, the Company was compliant with the covenants associated with the facility.

On June 5, 2024, the Company amended its revolving credit facility agreement to reflect the change from Bankers' Acceptances to the daily compounded Canadian Overnight Repo Rate Average (CORRA).

On July 29, 2024, the Company received approval from the lenders to extend the term of its credit facility for an additional year. The renewal date has been extended from May 4, 2025 to May 4, 2026.

($ Thousands, except share and per share amounts)

Note 11 – Net Change in Non-Cash Operating Items

The following table presents a breakdown of the change in the Company's non-cash operating items for the three and six months ending June 30, 2024 and 2023.

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	**2024**	2023
Securities owned	**(21)**	22	**(131)**	(650)
Receivable from clients and brokers	**(11,175)**	128,645	**(66,946)**	(507,126)
Client funds held in trust	**—**	—	**—**	367,316
Employee and other loans receivable	**(8,413)**	573	**(11,780)**	(2,274)
Other assets	**(3,535)**	981	**(4,782)**	4,427
Lease inducement	**—**	1,910	**—**	1,910
Payable to clients	**6,168**	(117,966)	**54,981**	(168,441)
Accounts payable and accrued liabilities	**10,809**	1,281	**1,761**	3,941
Provisions	**(449)**	1,134	**(1,685)**	(2,100)
	(6,616)	16,580	**(28,582)**	(302,997)

Note 12 – Discontinued Operations

On December 6, 2019, the Company completed the sale of substantially all of its capital markets business in an all-cash transaction to Stifel Nicolaus Canada Inc. In the second quarter of 2023, the Company recorded a $2,064 increase in legal provisions associated with this discontinued operation. The provision relates to a legacy employment litigation matter.

Shareholder information

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Regulatory filings

Canadian Securities Administrators
sedarplus.com

Independent auditors

KPMG LLP

Independent legal counsel

Goodmans LLP

Fiscal year-end

December 31

Stock exchange listings

Stock	Listing	Ticker	CUSIP
Common shares	Toronto Stock Exchange	RCG	74971G401
Stock	Listing	Ticker	CUSIP
Preferred shares	Toronto Stock Exchange	RCG.PR.B	74971G203

Q2 2024 Conference Call

A conference call and live audio webcast to discuss RF Capital's second quarter 2024 financial results will be held on Thursday, August 1, 2024, at 10:00 a.m. (EST). Interested parties are invited to access the conference call on a listen-only basis by dialing 416-340-2217 or 1-800-806-5484 (toll-free) and entering the participant passcode 3676882#, or via live audio webcast at https://www.richardsonwealth.com/investor-relations/financial-information. A recording of the conference call will be available until Wednesday, September 4, 2024, by dialing 905-694-9451 or 1-800-408-3053 and entering access code 8773599#. The audio webcast will be archived at https://www.richardsonwealth.com/investor-relations/financial-information